

**CANADIAN
CREDIT AND SECURITIES.**

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INVESTMENT COMPANY

INCORPORATED IN THE PROVINCE OF

CANADIAN SECURITIES

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CANADIAN
CREDIT AND SECURITIES.

DEDICATED TO THE HOLDERS OF
CANADIAN SECURITIES.

ADVERTISEMENT.

THIS PAMPHLET

To be had at the Office of MESSRS BALLANTINE & REID, 4, AUSTIN FRIARS, CITY, LONDON; or, MESSRS TAUNTON & MOLYNEUX, 8, SWEETING STREET, LIVERPOOL; or, FOSKETT SAVERY, Esq., ST. NICHOLAS' CHAMBERS, ST. NICHOLAS' STREET, BRISTOL.

All communications or inquiries to be directed to Messrs TAUNTON & MOLYNEUX, 8, Sweeting Street, Liverpool.

The two Petitions to the Legislative Assembly of Canada will be found at the above addresses, and all parties interested are requested to call and sign them.

All Holders of the Original 6% Debentures of the Grand Trunk Railway who have not received a Copy of this Pamphlet are requested to send in their names to Messrs TAUNTON & MOLYNEUX. And all who have received them would greatly oblige by sending the names of any holder who they may find has not received a copy.

All parties who cannot conveniently go to any of the above places to sign the Petitions can sign the following form of Commission and send it to Messrs TAUNTON & MOLYNEUX, 8 Sweeting Street, Liverpool.

*"I hereby authorise and request Messrs TAUNTON & MOLYNEUX
"to attach my name to the Petition about to be sent out to the Can-
"adian Legislature from the holders of Canadian Securities," or
"the holders of Grand Trunk 6% Debentures," as the case may be.*

Name,

Date, Address,

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CANADIAN CREDIT AND SECURITIES.

CONSIDERABLE difficulty would be encountered in estimating the amount of Capital that has been raised in England on conditions guaranteed by Canadian Acts of Parliament. In stating that Fifty Millions have been so raised, a sum is named, which, whilst it is believed to be considerably within the mark, will sufficiently indicate the vast interests involved; and when we have to add some prospective estimate of what further demand for Capital that vast and flourishing Colony may require, to develop its material and commercial resources, the subject of this Pamphlet must be considered both interesting and momentous. This vast sum has been procured on the faith of the inviolability of Acts of the Canadian Legislature, to which the Royal Assent is given on the advice of the Governor General in Council, and if in any case that inviolability is discovered to have been tampered with, or that these conditions have been secretly repudiated or weakened, then is the foundation of the whole edifice of Canadian Credit shaken.

There are four parties in this vast transaction—

1st, The Crown.—The advisers of the Crown, and the Privy Council, are bound to protect the honor of the Crown, and see that its Prerogative, of giving the Royal Assent, is not brought into contempt or disrepute by allowing it to be used in any scheme of repudiation or confiscation.

2d, The Governor General of Canada.—The Governor General in Council advises Her Majesty to give her Royal Assent to Acts passed by the Canadian Legislative Assembly; and, as the Representative of the Crown, is bound, neither to compromise the dignity of his office, nor that of the Crown, by advising Her Majesty to give the Royal Assent to Acts of fraud, repudiation, or confiscation.

3d, The Government of Canada, the Legislature and their Financial Agents.—They are primarily responsible for all Acts placed before the Governor in Council ; and with them rests the existence or destruction of Canadian Credit in this country. The existence of that Credit requires that neither actively, or passively, shall they engage in legislation, altering, varying or appropriating conditions once pledged in this country in exchange for Capital, without consulting those interested.

4th, There are the Capitalists in this country, who lend their money on the tacit understanding that conditions once deposited with them, in exchange for their money, and guaranteed to them by Act of the Canadian Legislature, are inalienable, and that any alteration of them without consulting them or their interests, can be rendered in no other word than *Confiscation*.

The following history of the treatment of £2,423,700 Debentures, issued in this country on conditions guaranteed by Canadian Acts, will create alarm in the minds of those who have hitherto imagined that Canadian Acts were rocks of security, not mere quicksands that changed with every tide, and no holder of Canadian Securities can rely on the good faith of that Legislature if they refuse an honorable solution of the claims that arise from it. The history is comprised in the letters of Mr Bass to the late Governor General of Canada, Sir E. Head, and to the Duke of Newcastle, as Secretary of State for the Colonies, written with the warmth of a victimised Debenture Holder. His plundered companions in distress, who are spread broad-cast over England, Scotland, Ireland, and Wales, at all events may congratulate themselves that they have amongst their number one with the habits of patience, research, and ability to draw so graphic a description of the stealthy, piecemeal confiscation which is now submitted to public inspection.

Mr Bass's history requires no recapitulation, but a hurried sketch, drawn on the hypothesis that our own Government, and not that of Canada, were the prime agents, may be useful. Imagine the Government of this country, desirous of seeing completed a great national work, nominating Cabinet Ministers as a controlling number of the Directors, in a large public company ; imagine the Government permitting a direction so organised to issue a prospectus, in which subscription to a fixed amount of debentures is invited, and obtained, and stating that, beyond a specified amount of debentures and share capital, they were enabled to pledge themselves no more would be required, all the time craftily concealing the fact,

that the Line was already pawned to the Government for a very large amount. Imagine, also, the Government of this country, with these debentures partially issued, and difficulty being discovered in floating the rest owing to this fact transpiring, guaranteeing to a Company so organised, and to debentures so issued, that further than a defined amount of Government Loan, as first lien, nothing should ever rank above the said debentures, without their consent in writing, and that a fixed amount of share capital was to co-exist with these debentures, and the Government secretly passing an Act permitting the advance of more money from the State as a first lien to the concern, and permitting the entire issue of the debentures, without a corresponding issue of the share capital. Whilst this act was secretly contemplated, and before and after it was passed, imagine them calling up further instalments on the Debentures, or permitting their agents to do so, all the time knowing that they were going to violate, or already had violated, the conditions on which the Debentures were subscribed for, such knowledge being withheld from the Debenture holders. Further, imagine the Government of this country, without the knowledge, let alone the written consent of the Debenture Holders, passing an Act, permitting their nominees to issue a sum nearly as great as the original Debentures in a 1st Preference Stock, to rank above the Debentures, at the same time exacting ruinous conditions from the said Company, and only waiving claim for interest on their loan for five years; next permitting the issue of a 2nd Preference without the knowledge or consent in writing of the original Debenture Holders. Imagine the Government of this Country permitting their agents to advance large sums of money to the said Company, and then to permit their agents to claim to place these loans above the said original Debentures; and still further, passing an Act permitting Bonds to any amount to be issued above the Debentures; and, lastly, imagine the Government being invited to pass a further Act utterly confiscating and destroying every vestige of the original construction of the Debentures. Why, no Government that this country ever had, however corrupt, dare have attempted it; any Prime Minister would have been impeached for proposing it; and no Privy Council would have allowed the Royal Prerogative to be degraded, or the Royal assent to be given to such a scandal. And yet, as will be seen, this is but a faint outline of the crooked, and compromising transactions, in which the credit of Canada and its Legislature are plunged.

It may be alleged that, as these transactions have become the subject of a claim for indemnity from the Canadian Government, on the part of the original Debenture Holders, it is premature and harsh to describe, as secret confiscation and repudiation, that which by a prompt, honourable, and open-handed treatment, might be brought forward afterwards as a happy illustration of their good faith and credit.

But the interests menaced are so large, the scandal so gross, and the course pursued so unscrupulous, that not to publish the facts, and protest against them, would be to condone the offence; and in future cases, when fresh secret confiscations have been revealed, the claims may be met with the statement,—“There was no secret about our system in these matters; full publicity was given to our way of doing these things in 1861, when a similar claim was made upon us, and you must have known all about it.”

Nor can a reluctant and accidental publication of a number of Canadian Acts in this country, with an inquisitive Bond Holder at hand to expose the nefarious transactions, always be counted upon, to enable the Holders of the fifty millions of Canadian Securities in this country to discover that so convenient a system of legislation has more illustrations than the one before us.

The objects of thus publishing in this country such full particulars are, to awaken all interested in Canadian prosperity and securities to a sense of the dangers that threaten them, and to enable them to obtain, by combined action in the various directions open to them, or which may be suggested by the advice of those best able to do so, some satisfactory assurances from the Canadian Government that the case in question will be honourably treated, and some safeguards devised to render the secret tampering with vested interests impossible in the future.

Still further, if the Canadian Legislature and Government not only refuse an honourable solution of this claim, either by meeting it or referring it to disinterested parties, whose opinion would be above suspicion, and if they insist on consummating the whole transaction by further plunder and confiscation of the interests of the Debenture Holders; at all events the transactions shall be exposed to the Holders of Fifty Millions of Canadian Securities, and both Houses of Parliament.

Still further, if the office of Governor General of Canada is to be degraded and compromised, by advising the Crown to give the Royal Assent to any such schemes, at all events ignorance of

the circumstances cannot be pleaded, and that exalted personage will be held responsible; and if the Royal prerogative is to be used for such base purposes, the advisers of the Crown will do so with their eyes open to the merits of the case, and will be held accountable to the country for the results.

At the same time the agents in this country used in such transactions will have to bear in mind that they have been warned that to be so associated will sully credit however brilliant, and affect reputation however exalted; and that precedent is not wanting for the statement that public indignation, guided by a free and independent press, has driven into contemptuous retirement and obscurity individuals whose names once boasted as great a reputation and credit as their own.

In conclusion, this is neither a mere question of the expediency of extending or withholding aid to a great national enterprise, nor yet is it a question alone affecting the credit of Canada. A much greater interest is affected, and a much wider question is broached. The incalculable capital that is invested all the world over on the security of conditions guaranteed by Colonial Acts demands an explanation from the Government of this country on the subject. That so important and necessary an agent in developing the wealth and resources of the Colonial Empire of Great Britain has a right to demand uniform protection and good faith at the hand of the servants of the Crown cannot be disputed, and no doubt the Government will see the necessity of considering the subject.

It so happens that at this instant the Canadian Government is soliciting a subsidy from this country to enable them to complete a vast scheme of intercolonial Railway. It is to be hoped that a sense of public duty on the part of the Government, and the awakened alertness of both Houses, will not permit these two subjects to be separated when considered.

If when the Acts of 1855, 1856, 1857, and 1858 were placed before the late Governor General of Canada, with a request to advise Her Majesty to give her Royal Assent, he had then firmly said, "My first duty is to protect the honor and dignity of the Crown, my next to protect my own honor and that of my office, and to see that the vested interests of Her Majesty's subjects are not tampered with. In this case you propose to give powers that should not exist without the written permission of the holders of a large amount of Debentures; that condition you guaranteed to them only last year; when you have obtained that permission I will then advise the Crown, but I won't be a party

"to this secret confiscation, be the consequences what they may." It is not too much to say that Canadian Credit would have been greatly strengthened by such a step, the Governor General would have commanded and won the respect of every loyal and open-hearted Canadian, and this country saved a public scandal.

Such being the case, general and stringent instructions from the Government to all Governors of Colonies that they are bound to protect the vested interests of English capital spent in their respective Colonies, and that they must see that no condition once pledged in England is tampered with, without the clearest evidence being produced that those interested are cognisant of, and are parties to the transaction, would certainly have a most assuring effect; and if combined with an honorable adjustment of the present scandal, would again restore confidence in Canadian Credit.

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THE HISTORY OF £2,423,700 DEBENTURES,

ISSUED IN GREAT BRITAIN,

ON THE SECURITY OF CONDITIONS GUARANTEED TO THEM
BY THE CANADIAN GOVERNMENT AND LEGISLATIVE
ASSEMBLY.

THE GRAND TRUNK RAILWAY COMPANY OF CANADA was incorporated in 1852.

In order to explain the origin of this scheme and point out the relation to the Company, in which the Government of Canada placed itself, it is necessary to make known, that some years previous to the project being submitted to the notice of the British Public, a Main Trunk Line throughout the Province was projected by the Government; and various Acts of Parliament were passed, incorporating several distinct Companies, for the construction of different sections of this Trunk Line.

The present scheme had for its object the formation of a new Company, to be amalgamated with the several Companies then already incorporated, the whole of the Companies, by the amalgamation, to form 'One Company, under the name of the Grand Trunk Railway Company of 'Canada.'

The capital of the new Company was necessary for the formation of additional lengths of Railway, to afford connection and continuity to the Lines then already made, or in course of construction; and thus carry largely into effect the original design of the Government,—which was to lay open the country by a system of Railways, for the development of its resources; and by the increased facilities of communication at the same time thus rendered, to enable the Province to maintain its commercial position in competing with the United States.

The entire Direction was at the first nominated by the Canadian Government, and after they retired the Act of Parliament provided that the minimum number of Government members on the Direction, was to form one third of that of which the entire Board was to be constituted. In addition to the Government Members on the Direction in Canada, Messrs Baring and Glyn were appointed in England as Agents of the Province of Canada, and 'Directors of the Company,' on behalf of the

Canadian Government. In fact, the Government originally assumed and exercised supreme control over the conduct of the Company's affairs.

The Government undertook the supervision of the final completion of the undertaking—the scheme was to be carried out, *for the amount stated*, in all its entirety as represented, 'to the satisfaction of the Canadian Government.' This, as it will be seen, was a positive engagement entered into with the shareholders, by the members of the Canadian Government, who must be held responsible for the statements set forth in the Prospectus.

The total combined capital, raised and to be raised, was set down at £9,500,000. For this sum, the shareholders were assured they would 'secure the delivery of the whole railway, fully equipped and complete in every respect, and free from any further charges whatever.'

This assurance, it was stated, the Directors were enabled to give to the public, not solely from any *estimate* or *estimates* formed of the cost of the undertaking, but from the fact of 'the cost of the Railway being actually defined by the contracts already made, whereby any apprehension of the Capital being found insufficient was removed.'

The character of these contracts was thus described :

'The conditions of these contracts are for the construction of a first-class single-track railway, with the foundations of all the large structures sufficient for a double line, equal in permanence and stability to any railway in England, including stations, sidings, workshops, ample rolling stock, and every requisite essential to its perfect completion, to the satisfaction of the Canadian Government.'

'By means of the arrangements entered into with the contractors, the proprietors of the Grand Trunk Line are assured that, for the Capital stated, they will secure the delivery of the whole railway, fully equipped and complete in every respect, and free from any further charges whatever.'

Upon such representations the public subscribed for the share-capital. By such representations the public were defrauded.

According to the last statement issued by the directors, there has already been expended a sum amounting to £13,675,908, or £4,175,908 *over and above that for which it was represented* 'Contracts had been made to secure the delivery of the whole railway, fully equipped and complete in every respect, and free from any further charges whatever.' An application is made in this statement for an additional sum of £556,000, 'to provide for the much needed and indeed essential increase to the rolling stock and improved accommodation.' This will raise the cost to £14,231,908 !!!

As £1,416,400 had already been raised on the Bonds and Shares of the Companies previously incorporated, the actual amount required by the Prospectus was the complement to this sum of the £9,500,000, or £8,083,600. And as interest was to be paid out of Capital, on the Bonds

and Shares of all the Companies amalgamated, until the completion of the works, it is necessary to deduct from the above a sum for this purpose, so as to arrive approximatively at the available capital for the fictitious contracts. The sum actually paid has been £2,281,500. This taken from the above leaves £5,802,100, as a sum available for works, &c., &c. Adopting this amount as that included for the contracts, in the £9,500,000, *there has at present been paid extra to it, a sum of £4,175,908.* Add to which the £558,000 still applied for, and the *Extras* will amount to £4,731,908,—nearly Four Millions and Three Quarters Sterling on Contracts Represented to be of a Guaranteed Character !!!

Such shows the fraudulent character of the statements set forth in reference to the contracts.

Again, the rent of the Atlantic and St. Lawrence Railway was represented to be £80,000 per annum. It is now £75,000 per annum. If a capital—£216,666—corresponding to this increase of rental, be added to the above £4,731,908, the total Capital of the Company, *in excess of that required by the Prospectus*, will amount to close on Five Millions Sterling !!!

The line was to be adequate for a traffic to pay interest on the debenture-debt, and 11½ per cent. (the promised dividend) on the share-capital. As executed, it is inadequate in accommodation for the present traffic, which doesn't yield *one farthing*, to either the original Shareholders, or Debenture-holders.

The works, as executed, are not identical with those originally contemplated. Be that as it may, *the changes were made, and imposed upon the Company, by the Government of Canada.*

It is very probable that Messrs Baring & Glyn have been, in common with the other Shareholders and Bondholders, duped and victimized in the carrying out of this infamy; but from the position which they have occupied in the Direction of the Company, the public are entitled to a full and clear explanation from them, respecting the false statements set forth in the Prospectus, and in the Reports subsequently issued. The Fraud is of a most gigantic character, occasioning wide-spread ruin.

The following letter to the Governor-General gives the detail of the course of procedure pursued towards those who advanced their money in Loan to the Company.

RUE ROYALE, 46, BOULOGNE-SUR-MER, FRANCE,
Jan. 27, 1860.

SIR,

I beg to lay before your Excellency the following statement of facts, having reference to the Original Loan contracted by the Grand Trunk Railway Company of Canada.

Your Excellency is aware that, some years previous to the passing of the Act amalgamating the several companies which now constitute 'one

'company, under the name of the Grand Trunk Railway Company of 'Canada,' Acts of Parliament were passed, authorising the Provincial Government to advance sums, in loan, to one of the incorporated companies; and that by the Amalgamation Act, in consequence of such advances, the Government were empowered to appoint members, as Directors, on the Direction of the present company. The Government thus having members on the Direction, were not only cognisant of the nature and character of the several measures resolved upon by the Board, but were parties to the carrying of them into execution: in fact, originally, the Government assumed supreme control over the conduct of the Company's affairs.

In the proceedings themselves, which I here submit to the notice of your Excellency, there will be found internal evidence of the most clear and conclusive character that they were carried into effect, not only with the concurrence, but by the co-operation, direct aid, and support of the Government.

In April, 1853, the Prospectus of the Company appeared. The total combined capital raised, and to be raised, 'to complete' the undertaking 'in every respect,' 'and free from any further charges whatever,' according to contracts of a guaranteed character then 'made,' 'whereby any apprehension of the capital being found insufficient was removed,' was set down at £9,500,000.

This sum was to be composed of £4,864,800 Share-Capital, and £4,635,200 borrowed money, or Debenture-Capital.

The subject of the present communication is in reference to this latter amount:—to the means resorted to by which the British Public were induced to contribute to it their quota, and to the course subsequently pursued, in violation of the conditions upon which the money was advanced, until finally these conditions were *formally repudiated* by an Act of Parliament, 22 Vict., c. 52, passed by the Provincial Legislature.

The amount was called '*the entire mortgage debt of the Company,*' and was represented to consist of the following items.

- ' St. Lawrence and Atlantic, and Quebec and Richmond Railways.
- ' Amount already raised on Bonds (A) £733,000
- ' Reserved in shares and debentures for the share-
- ' holders in the St. Lawrence and Atlantic, and Quebec and
- ' Richmond Railways, on the Amalgamation, and for the
- ' Bondholders of the Ontario, Simcoe, and Huron Railway
- ' Company, £837,800.' The debenture-capital, included in
- which, was (B) 279,200
- ' Debentures of £100 each payable in 25 years, bearing
- ' interest at 6 per cent. per annum, payable half yearly in
- ' London, and convertible into shares on or before the first
- ' day of January, 1863, at the option of the holder (C) 1,811,500
- ' And debentures, convertible into Bonds of the Pro-
- ' vincial Government of £100 each, payable in 20 years,

'bearing interest at 6 per cent. per annum, payable half
'yearly in London

(b) 1,811,500

Total as above £4,635,200

From an investigation which I have concluded, I find, that the item (A) £733,000 is false and deceptive, for while it purports to be a sum raised on the bonds of the 'St. Lawrence and Atlantic, Quebec and Richmond railways,' there is included in the amount a sum of £400,000, which had been advanced in loan by the Government of Canada to the former-named of these Companies, a condition of the loan being, that the amount was to form a first charge on the revenues of that Company.

This condition, in respect to the amount in question, by the Act 18 Vict. c. 33, became imposed on the revenues of the amalgamated Company.

Again, the sum £1,811,500, in Government bonds, to be received in exchange for the 'Company's convertible debentures, item (D), was also to form a first charge on the revenues of the United Companies. These two sums, making a total of £2,211,500, formed a Government loan, *possessing prior rights to all other monies, at the date of the issue of the Prospectus.* This fact was not only suppressed, but the public were told that one of 'the more prominent points' in the scheme, was the large amount of Government guarantee which it received. 'This great and comprehensive scheme of railway communication,' coming 'with the guarantee (*) of the Province of Canada, which had embarked 'upwards of two millions sterling in the enterprise.'

The debenture-debt then, in reality, was to be thus composed.

Government money having a prior lien..... £2,211,500

Money subscribed, and to be subscribed, by private in-

dividuals, forming a second mortgage..... 2,423,700

Total as before..... £4,635,200

Such was the true character of the debt, then about to be increased to the amount given, while in the Prospectus it was represented to consist of the Bonds created, and to be created, of the incorporated Companies, 'a fusion' of the interests of which, by the Amalgamation, merged the rights of all the borrowed monies to the same level.

The further conditions according to which the public were solicited to contribute to the loan were :

That the amount stated constituted 'the entire mortgage debt of the Company.'

That it was 'all the capital intended to be raised by debentures.'

These conditions entitled the parties contributing to the loan to receive First-class debentures, having *prior rights of the most absolute*

(*) There was no guarantee.

character, or what are called Preference Debentures ; as the loan was represented to be the first, and entire mortgage, on the Amalgamated property.

The debentures issued subsequently proved to be but second class, second to the Government loans amounting to £2,211,500.

The directors laid great stress on the fact that the amount of borrowed money was *limited*, and in italicised passages strongly pressed it on the attention of the public, the object being to show that no risk of any kind was attached to the loan ; as the profits from even the sections of lines, immediately to be thrown into operation, might reasonably be assumed to be adequate, or very nearly so, *to pay the interest on the amount stated* ; and that therefore no doubt could be entertained as to the perfect security which parties lending their money to the Company would possess, when the whole scheme was completed.

The following extract from the Appendix contains the representations made to the public on this head.

'It may be assumed that the revenue of the Company, from the sections to be completed in 1853, will not fall short, at once, of £304,200 per annum, nett, allowing 40 per cent. for working expenses and deducting £60,000 for lease of Portland line, would leave nearly equal to the charge for the entire mortgage debt of the Company, and thus from actual present earnings securing to the bondholders their interest, on all the capital intended to be raised by debentures.'

In 1854, an Act of Parliament was passed, 18 Vict. c. 33, 'An Act to amend the Acts relating to the Grand Trunk Railway Company of Canada.'

The seventh section of this Act empowers the Company to increase their capital, when such shall be deemed expedient, 'and such increase may be effected by a resolution of the directors of the said Company sanctioned and approved by two thirds at least of the votes of the shareholders present in person or by proxy, at a general meeting convened with special notice of the intended object, and the further capital so authorized may be raised by mortgage or bond or by the issue of new shares,' 'Provided that no mortgage bond or issue of new Shares under this Act' 'shall affect or impair or postpone the security by bond or mortgage of any individual on the said road without his consent in writing.'

Sections 12 and 14 prescribe the course to be pursued in convening Special General Meetings for the purposes of increasing the capital :— that 'the business to be transacted at such meetings shall be expressly stated' in the advertisements and circulars giving notice of the said meetings ; and that such advertisements shall appear, and circulars be issued, 'not less than forty days' before the holding of such meetings ; and also, that the advertisements shall appear 'in one or more of the daily newspapers published in London in England.'

By the provisions of this Act, it is clear that nothing could be done in the increasing of the capital of the Company, that would 'affect or impair' or postpone the interests of the bondholders, without having first sought and obtained their 'consent in writing,' and that the subject should be brought before a *Special General Meeting of the Shareholders*.

In addition to the £279,200 of debenture-capital 'reserved' there was also a sum of £558,400 of share-capital 'reserved,' making a total of £837,600, as shown by item (B).

This large amount was 'reserved,' as it was subsequently made known, not under conditions that it was to be taken up, but for the extraordinary purpose of allowing parties in Canada—contrary to Act of Parliament—if the Shares and Bonds could be sold at a premium, 'to claim the benefit of such reservation.' 'Obvious causes which supervened'—that is, they could not be sold at an advantage—'defeated this expectation and no part of the reserve so appropriated was taken up.'—A deficiency in the capital was thus created, to supply which it was arranged between the Government and the directors, that a further advance of Province Bonds should be made to the Company.

To effect this object an Act of Parliament was passed in 1855—18 Vict., c. 174, 'An Act for granting aid by loan to the Grand Trunk Railway Company of Canada.'

This Act, the provisions of which are of a permissive character, empowers the Governor-in-Council to authorize the issue of Provincial debentures to an amount not exceeding £900,000—that is, the Government is authorized to place itself in the position of an ordinary lender to the Company, for a sum equal to this amount.

To receive the money, the directors were bound to proceed in conformity with the provisions of the Amendment Act—18 Vict., c. 33, which prescribe the course to be pursued by the Company for increasing their Capital.

In contravention of the express provisions of an Act of Parliament, and in violation of the rights of individuals, the Government, in a covert manner, advanced the amount to the directors,—'who did not hesitate to avail themselves of the assistance thus considerably and opportunely afforded,'—a condition of the loan being, that the amount was to become a first charge on the revenues of the Company,—that is to displace the position of the money previously lent by private individuals—to override the rights of this money, and to increase the Government prior lien to £3,111,500. It is material to remark, that this increase took place two years after the creation of the Original Loan, as the fact will be adverted to in dealing with the character of two reports, dated 7th Feb. and 8th March of last year.

No notice of this transaction between the Government and the directors was given to the public, until the Report appeared to be submit-

ted to the Annual Ordinary Meeting, to be held at Toronto on the 6th Sept., following the session in which the Act was passed.

In this Report the directors announce the fact that the amount £837,600 'reserved' had not been taken up. They also inform the shareholders, that in order to make good the deficiency in the Capital thus occasioned, they applied to the Government of Canada for a further advance of Province Bonds, in loan; and acting on their own responsibility, accepted the amount £900,000; accompanying this statement with an expression of assurance, 'that in this they would have the ready concurrence and sanction of the shareholders.' The debenture-holders, whose interests solely were affected by the transaction, were not even alluded to, although, without their 'consent in writing,' the money could not be legally received by the Company. The question, however, was one, under any circumstances, *ultra vires* of an Ordinary Meeting.

The effect which this loan had on the interests of the debenture-holders was concealed by false and deceptive statements.

The Report sets forth, that by the acceptance of the loan 'an additional preferential charge is created to the extent of the interest upon 'that proportion of the amount reserved,' 'which if the reserve had been 'taken up, would have been represented in shares.'

According to item (B) the 'amount reserved' £837,600 was composed of £279,200 Debenture-Capital, and £558,400 Share-Capital. This latter sum, was therefore, 'the proportion of the amount reserved, which 'if the reserve had been taken up, would have been represented in shares. By the acceptance of the loan, according to the Report, 'an additional 'preferential charge' was created, to the extent of the interest upon this amount; or in other words, the Debenture-Debt, the only preference charge, at that date, of which any facts were made known to the public, in the documents submitted by the directors, was increased by a sum of £558,400. The directors made that statement, knowing at the time that by the Act of Parliament under which the money was advanced, the whole of the £900,000 was not only to have preference rights to the *Share Capital*, but that it was to be a 'first charge' 'hypothec, and lien upon the 'whole of the amalgamated Grand Trunk Railway Company of Canada.' (*)

Thus were the creditors of the Company subjected to a second act of most outrageous wrong, and in this case, in order to make good a deficiency in the capital arising out of the failure of a proceeding, which ought never to have had origin.

In 1856 the Legislature passed an Act—19 and 20 Vict., c. 3, whereby the prior rights of the Government claims, in respect to the total

(*) The above transaction could have no legal validity, as the Act under which the money was advanced, didn't repeal the Amendment Act. It is needless, however, to talk of law, in reference to proceedings, in which law and principle were alike trampled upon; and the Royal Assent used as an engine to rob and defraud.

amount advanced to the Company, were withdrawn, and the 'lien of the Province placed to rank as to dividend or interest with that of the Company's bondholders.'

This Act further empowers the Company to issue debentures, amounting to £2,000,000, having Preference rights; in fact, to take the place, to that extent, occupied by the government money, previous to the passing of the Act.

Here then, in the creation of these debentures, was at first made known, that any of the borrowed monies, possessed prior rights to the rest.

This information was withheld, until all the instalments of the quota to the loan, contributed by private individuals had been paid up in full.

The framers of this Act attempted to give to its provisions a semblance of justice, for while the Act empowers the Company to issue debentures, having Preference rights to the Original Debentures issued, it at the same time annuls the priority of the claims of the Government, in respect to the several sums advanced, in loan, to the Company. It was, however, by the suppression of the existence of such prior claims, and misrepresentation in the statements given to the public, that the individuals who lent their money to the company were wronged.

This Act the Shareholders were called upon 'to accept' at an Annual Ordinary Meeting.

In 1857, an Act of Parliament was passed, 20 Vict., c. 2. By this Act, the powers of the Government to appoint members on the direction of the Company were repealed. The Act also places the claims of the Government in respect to the £3,111,500 in abeyance, until the earnings of the company shall be found adequate to pay the interest on all the other borrowed monies, and a dividend at the rate of 6 per cent. per annum on the subscribed share-capital.

In 1858, an Act of Parliament was passed, 22 Vict., c. 52. This Act formally repudiates the rights of the Original Loan, in conferring powers on the Company to raise Preference Bonds to any amount, upon a resolution of the directors, sanctioned and approved of by two thirds, at least, of the votes of the shareholders given in person or by proxy at a special general meeting called for that purpose.

The rights of the original creditors of the Company—of those who lent their money upon express conditions, formally set forth, are by this Act annulled, and the shareholders, the borrowers, are empowered to raise any further amount of money, giving to it prior claims to the money which constituted the Company's Original Loan.

In speaking in reference to this Repudiation-Act, the Solicitor General, the President of the Company, in his report dated Dec. 1858, says, 'that the directors cannot omit this opportunity of reminding the 'shareholders of the continued interest of the Provincial Legislature, in 'the complete and successful development of the Grand Trunk Railway, as

evinced by their Act passed last session with the view of facilitating, during a period of great financial depression, the operations of the Company.'

To proceed to raise money under the provisions of an Act of Parliament,—an Act repudiating the rights of money already raised,—the directors were barred from pursuing any course, having the slightest possible chance of success, that would lead to the knowledge of the actual position of affairs. They resorted to the publication, and issue of Reports containing false and deceptive statements.

I may here incidentally mention, that to check proceedings of this character, the British Legislature passed an Act of Parliament in 1857, 20 and 21 Vict., c. 54, commonly called 'The Fraudulent Trustees Act.'

In calling attention to the date 1855, at which the Government loans were increased from £2,211,500 to £3,111,500 by the irregular issue, and improper acceptance of £900,000, in bonds of the Province, I adverted to two reports, dated 7th Feb. and 8th March of last year.

In the former of these documents, prefixed to which is a notice for a Special General Meeting to be held at Toronto on the 23d March, 'for the purpose of approving a resolution of the directors for increasing the capital of the Company by the sum of £1,111,500, and for raising that sum by Preferential Bonds,' the following paragraph appears:

'The amount of Capital proposed to be created at this meeting is £1,111,500. This, with the two millions of preference capital created in 1856, is equal to the amount of the debentures issued to the Company by the Province of Canada, or £3,111,500. This amount originally formed the first charge on the undertaking, but, as the shareholders are aware, the Government and Legislature of Canada have sanctioned the postponement of the payment by the Company of any interest upon this £3,111,500 until a dividend at the rate of 6 per cent. per annum shall have been paid upon all the consolidated stock of the Company. By the creation, therefore, and issue of additional preferential Capital to the extent of £1,111,500, which it is proposed shall rank next in priority after the two millions above referred to, the position of the ordinary debentures of the Company will not be in any respect affected or altered from that which these securities occupied at the time of their original issue, when the interest on the Provincial debentures formed the first charge on the revenues of the Company.'

'The position' of the first debentures issued, or as they are called in the foregoing extract 'the ordinary debentures,' as represented by the directors, when they solicited and obtained the money for these 'securities,' was, as shown by the items and extracts given from the Prospectus, that of constituting a portion of the Amalgamated Company's debenture-debt—'the entire mortgage debt of the Company' 'all the Capital that was intended to be raised by debentures.'—A position giving to them prior rights of the most absolute character.

The actual 'position' which these 'securities' occupied, and which was secured to them by the Act, 18 Vict., c. 33, was that of being a second mortgage to the Government loans, amounting to £2,211,500. This amount was increased to the £3,111,500 by the improper and illegal proceedings on the part of the Government, in advancing to the directors, in a covert and clandestine manner, £900,000 in 1855,—that is two years after the creation of the original debenture debt of the Company.

In the face of these facts, the directors here deliberately state, that a sum of £3,111,500 'originally formed the first charge on the undertaking'—the object of the misrepresentation being, as is evident, to deceive the public into the belief that their measure for raising the additional Capital was a just and equitable one.

They make that statement, to use the words of the Report in question, after 'having anxiously considered the various methods which suggested themselves for obtaining the above amount of Capital.'

And they further state, in the subsequent Report dated 8th March, in speaking with reference to the proposed issue of these new Bonds, that they 'feel' that they have adopted 'the best and most equitable mode for raising the necessary funds by the proposed new issue of 1,111,500 'Second Preference debentures, which, with the 2,000,000 of First Preference already issued, assume the position originally occupied by the Provincial debentures of £3,111,500.'

I have here traced the course of procedure pursued by the Government and the directors, in reference to the Original Loan contracted by the Grand Trunk Railway Company of Canada, and have established by documentary evidence of the most incontrovertible character, a case to which it would be difficult to find a parallel—a case commencing with misrepresentation, and after a series of proceedings, in which no regard has been had for truthful statement, Legislative enactment, or the principles of public faith, finally ending in *Repudiation*—making it manifest, that money lent to public undertakings in the Province, possesses in reality no security.

As one, of many, whose interests have been prejudiced by these proceedings, I place them here in detail under the notice of your Excellency.

The Government are in possession of the several documents to which reference has been made, there can be no difficulty, therefore, in testing and verifying the accuracy of the extracts given.

I have the honour, &c., &c., &c.

(Signed) JOHN BASS.

To His Excellency the Right Hon.

Sir EDMUND WALKER HEAD, Bart.,
Governor General of Canada, &c., &c., &c.

By the fraudulent course of procedure here detailed, a sum of £3,111,500 has already been placed, having Preference rights to the Original Loan. On £2,000,000 of that amount the interest was paid on 30th June, leaving no residue to pay the interest on the Original Loan.

SPENCER WOOD, QUEBEC,

Feb. 15, 1860.

SIR,

I have this evening had the honour of receiving your letter of January 27, relating to the affairs of the Grand Trunk Railway, which I hasten to acknowledge.

Your obedt. servt.

EDMUND W. HEAD.

J. BASS, Esqre.

RUE ROYALE, 36, BOULOGNE-SUR-MER,

Feb. 6, 1860.

MY LORD DUKE,

Herewith I beg to forward to your Grace, a copy of a letter which I addressed to His Excellency the Governor General of Canada.

The case to which it refers is one of great public importance, not solely on account of the large interests at stake, but the principles involved in the proceedings themselves, are such, as to be not only wholly incompatible with the relations of the two countries, but totally destructive of all security.

The necessity for the adoption of some measures, to prevent the recurrence of a public wrong of a similar character, will not fail to suggest itself to your Grace, as it would be a most abnormal state of things, if parties contracting Loans in England, upon express conditions formally set forth, could obtain Acts of Parliament from a Colonial Assembly, annulling these conditions—Repudiation-Acts.

In the instance of the Grand Trunk Railway Company of Canada, the interests of British holders of Bonds representing nearly two millions of money, have already been largely prejudiced by the proceedings detailed in my letter; and would have been still more seriously affected, had it not been for the unfavourable state of the money market, which rendered abortive an attempt made last year, by the directors, to raise, under the provisions of the Repudiation,—Act,—22 Vic., c. 52.—a further Sum, in loan, giving to it Preference rights to the Company's Original Loan.

In my letter to His Excellency, I have given in detail the course of procedure pursued by the directors on that occasion, by which they have rendered themselves amenable to the provisions of the Fraudulent Trustees Act; as I presume, the provisions of that Act apply to all cases of false statements published and issued in England.

I have the honour, &c., &c.

(Signed) JOHN BASS.

To His Grace the DUKE OF NEWCASTLE,
Secretary of State for the Colonies.

DOWNING STREET,
17th February, 1860.

SIR,

I am directed by the Duke of Newcastle to acknowledge the receipt of your letter of the 6th instant, enclosing a copy of one which you have addressed to the Governor of Canada on the subject of the affairs of the Grand Trunk Railway of that Province.

I am, &c., &c.

C. FORTESCUE.

JOHN BASS, Esqre.

9, MONTPELIER STREET, BROMPTON,
21 June, 1860.

MY LORD DUKE,

I had the honour of addressing a letter to Your Grace, on the 6th Feb., referring to an enclosure then forwarded—a copy of a letter, which I wrote to His Excellency, the Governor-General of Canada, having reference to the course of procedure pursued by the Canadian Government, in raising the capital for the construction of the Grand Trunk Railway of Canada.

From the great importance of the case, Your Grace will no doubt have had an inquiry instituted into the allegations contained in my letter to the Governor General.

In my letter to Your Grace, I adverted to an attempt made by the directors, in the early part of last year—and which then proved abortive—to issue a second series of Preference Bonds, which would have had the effect of further prejudicing the interests of those who originally advanced money in loan to the Company, on the faith of the statements set forth in the Prospectus by members of the Canadian Government and the other directors. These Bonds amounting to £1,111,500 have been created, and recently sold by tender; increasing the loss of those who contributed to the original Loan—by depreciating the value of the original Bonds—to a sum little short of a million of money. They were created under the provisions of the Repudiation Act, and the assent for their creation was obtained by false and deceptive statements, set forth in Reports, issued by the directors; copies of which are here forwarded.

The false character of the statement, that the £3,111,500 advanced by the Government, in loan, to the Company, 'originally formed the first charge on the undertaking' will be seen by reference to the Company's Amendment Act—18 Vict., c. 33, s. 20. By that Act the Government Loans were then limited to £2,211,500, including £400,000, advanced to the St. Lawrence and Atlantic Railway Company, one of the Companies Amalgamated. But that even such an amount, or that any amount, should

have had a *prior lien*, was a fraud upon those who lent their money to the Grand Trunk Company, for the fact was not only suppressed, but the total borrowed money—‘*the entire mortgage Debt of the Company*,’ was represented to consist of monies raised, and to be raised, on the *Bonds of the Companies Amalgamated*; as shown in my letter to the Governor General. The above amount was increased to the £3,111,500 in 1855, by the improper proceedings of the Government—violating their obligations formally contracted, and contravening the express provisions of the Act just referred to, by advancing, in a covert manner, *to the Directors*, a sum of £900,000; a condition of the loan being, that the amount was to form ‘a first charge hypothec and lien’ ‘upon the whole of the Amalgamated Grand Trunk Railway Company of Canada’—that is to override the rights of money contributed, in loan, *two years before, by private individuals*—Sec. VII. of the Amendment Act provides that nothing shall be done in the increasing of the Capital of the Company to ‘affect or impair or postpone the security ‘by bond or mortgage of any individual upon the said road without his ‘consent in writing.’ The Canadian Government having had no respect for the principles of integrity, would not allow themselves to be barred in their course by legislative enactment.

The case has now become one of so serious a character—the public having been defrauded out of millions of money—that I respectfully submit to Your Grace, that the parties aggrieved are entitled to the intervention of Her Majesty’s Government, to obtain a reparation of the wrongs to which they have been subjected. The entire proceedings, both as regards the raising of the share-capital, and borrowed money, present a worse case than any to be found on record; when the means employed to give to them effect are taken into consideration—in the carrying of them into execution, even the Royal Assent has been trailed into the infamy of Repudiation.

For the Government of Canada to have constructed the line of railway to develop the resources of the Province, would have been a legitimate undertaking—to place the project as it was put before the British public, was a flagrancy of the most gigantic proportions.

It is the first instance, I believe, of one of the colonies deliberately defrauding the mother country, and its gravity is enhanced by the fact, that Canada enjoys so large an amount of public confidence, and public credit in this country, while the Canadian Government have shown themselves wholly unworthy of trust—the profligate course of procedure, which they have pursued, making manifest as flagrant a disregard for the principles of public faith as has ever been exhibited.

I have the honor, &c., &c.,

(Signed) JOHN BASS,

To His Grace the DUKE OF NEWCASTLE.

Secretary of State for the Colonies.

&c., &c., &c.

DOWNING STREET, 7 July, 1860.

SIR,

I am directed by the Duke of Newcastle to acknowledge the receipt of your letter of the 27 June, alleging certain grievances in connection with the affairs of the Company of the Grand Trunk Railway in Canada.

The subject is not one in which Her Majesty's Government are concerned, or on which they can express an opinion--your letter has therefore been forwarded for the information of the Governor of Canada.

I am, &c., &c.,

T. F. ELLIOT.

JOHN BASS, Esq.

It has not been made known what steps the Governor General has taken in this matter

The Bondholders, however, have a clear case; there should be no compromise on their part. *The money was received for a Loan, the conditions of which, as represented, could not co-exist with the then actual state of things.*

TO THE LEGISLATIVE ASSEMBLY OF THE PROVINCE OF CANADA, in
*Parliament assembled, the humble Petition of the undersigned,
Holders of Securities issued in Great Britain on the security
of conditions guaranteed to them by Acts of the Canadian
Legislature.*

HUMBLY SHEWETH,

That your Petitioners view with alarm and regret the grounds of a claim made against the Canadian Government by Holders of original 6% Debentures of the Grand Trunk Railway of Canada, issued in this country.

Your Petitioners respectfully appeal to your Honourable House for redress against a system of Legislation ruinous to the value of all Securities issued under Acts of your Honourable House.

Your Petitioners have discovered with dismay that, to induce subscription to those Debentures in this country, a most assuring condition was guaranteed to them, that further than a fixed amount of Government Loan, no Bond or Mortgage should ever be issued over them without their written permission; and this condition, confirmed by an Act of your Honourable House, was pledged by a Direction, of whom a controuling element, (consisting of members of the Government and Legislative Council,) was nominated by the Canadian Government, and the money obtained through their Financial Agents in this country, who were also the Government Directors in England. In utter disregard of this condition, the Government of Canada, on the petition of their nominees and agents, without the written permission of the Debenture Holders, and without their knowledge, subsequently applied to your Honourable House for power to issue a large further sum of Government Loan to rank over the said Debentures, and by piecemeal legislation, (entirely without the knowledge of the Debenture Holders,) almost every condition pledged to the said Debenture Holders have been annulled, often to the advantage of the Government.

Your Petitioners discover that the Government of Canada issued in this country, through their agents, a Prospectus inviting subscription to these Debentures, in which the fact that the Railway was already pawned to the said Government for a large Provincial Loan was deliberately suppressed; and a considerable amount was subscribed without any knowledge of the fact, and that both Prospectus and subsequent reports issued by the Government Directors prove to have been at variance with the facts as they existed.

Your Petitioners being aware that the history of the whole transaction has been published, and laid before your Honourable

House, it is unnecessary for them to recapitulate under multiplied heads the whole injuries done.

They respectfully submit that in the face of such revelations, unless prompt remedial measures be adopted, it is evident their capital can have no real basis of security, and Canadian Credit must be annihilated.

Your Petitioners therefore humbly pray your Honorable House that a prompt and equitable treatment of this vast subject may remove the existing distrust, distress, paralysis, and ruin which this system of Legislation has produced.

TO THE LEGISLATIVE ASSEMBLY OF THE PROVINCE OF CANADA, in
*Parliament assembled, the humble Petition of the undersigned,
holders of Debentures of the Grand Trunk Railway of Canada,
issued in the United Kingdom of Great Britain, on the security
of Acts of the Canadian Legislature,*

RESPECTFULLY SHEWETH,

That your Petitioners, holders of Grand Trunk Railway Bonds and Debentures, which have no other foundation or value than the integrity and inviolability of Acts passed by your Honourable House, view with alarm and dismay the course of legislation assumed since 1852, which a perusal of the following narrative cannot fail to convince your Honourable House must prove, if not rectified in the past, and avoided in the future, utterly ruinous both to Canadian credit, and Canadian security-holders in this country.

By Acts, 16 Vict., chap. 37, 39, and 76, a deed of Amalgamation, dated April, 1853, and a Prospectus then issued by the Nominees and Agents of the Canadian Government, £2,423,700 Debentures were issued by the Grand Trunk of Canada Railway Company in this country. Without enumerating all, the following are the leading conditions on which the money was obtained, as specified in the said Act, Deed of Amalgamation, and Prospectus.

1. Subscription to the said Debentures was obtained by the entire suppression in the Prospectus of the fact that the Line was already pawned to the Government for a large Provincial Loan.

2. The said Debentures were to be issued only in the proportion of £100 Debentures for every £200 Stock issued of the Railway, and the existence of £2,423,700 Debentures was to be contingent on the existence of £4,864,800 in shares.

3. By the 7th and 8th clauses of the Act of December, 1854, it is specified that, should the Company find it necessary in the future to raise more capital, "no Mortgage Bond or issue of New Shares shall affect, or impair, or postpone the Security by Bond or Mortgage of any individual on the said road, without his consent in writing," and the amount of Provincial Loan to the Company to rank above the Debentures is distinctly guaranteed not to exceed £2,211,500.

4. And, to inspire additional confidence in this country, the Government of Canada appointed the entire Direction, a controlling number of whom were Members of the Canadian Government and Legislative Council, and the Provincial Agents of the Province resident in England.

Scarcely were the said Debentures floated in this country than

your own nominees commenced to petition you to relieve them from the conditions and agreements on which they had borrowed the money in this country ; and in May 1855 an Act was passed, followed by three others in July 1856, May 1857, and July 1858, which have without the knowledge, consent of, and in direct opposition to, the interests of the said Debenture-holders, permitted the appropriation or nullification of nearly every condition of security on which the Debentures were issued. To the passage of any one of these bills the legal consent of the Bondholders has been dispensed with, despite the 7th and 8th clauses of the Act December 1854, requiring their permission in writing ; in fact, the very existence of these bills, whether intentionally or not, was withheld from them until after they were published in this country. The practical effect of these four Acts on the position of the Debenture-holders may be briefly described as follows :—

In place of £2,423,700 Debentures existing, with £4,864,800 of Share Capital, £2,403,937 Debentures exist, with only £2,781,600 Share Capital, and first and second Preference Bonds to the extent of £3,111,500 claim a first lien over the entire Line, with unlimited power to increase that amount ; and, under the inspiration and auspices of your own nominees, a floating debt of upwards of £2,000,000, claiming alarming privileges and preferences utterly ruinous to the Debenture-holders, has been called into existence ; to meet which, your sanction to a final extinction of all legal foundation of the Debentures is, we understand, about to be solicited at the hands of your Honourable House.

In numerous other points of vast importance, the conditions of the Acts alluded to have been nullified without our consent or knowledge, and to our disadvantage.

Your Petitioners address you as holders of Grank Trunk Bonds or Debentures, founded on the powers and conditions solemnly pledged to them by Acts of your Honourable House, which they have always deemed inviolable and sacred.

1st, In this case the Government of Canada, through their Agents, published a Prospectus in this country inviting and obtaining subscription to these Debentures, in which the fact that the whole Line had been already pawned to the Government for a large Provincial Loan was suppressed, while numerous statements in that Prospectus prove to have been illusory and deceptive. The Government of Canada, by the Acts and Prospectus, became parties to a contract or agreement with the said Debenture-holders, the condi-

tions of which have been violated and broken by said Government and their Agents.

2d, The Act of December 1854 guaranteed to the Debenture-holders that beyond £2,211,500 Provincial Loan no other Bond or Mortgage was to rank above them, notwithstanding which an Act proves to have been passed in 1855 authorising another advance of £900,000 Provincial Loan to rank above the Debentures, to which the written assent of the Debenture-holders has not yet been asked or obtained—the Directors in their report admitting that “they took upon themselves the responsibility of accepting the money.”

3d, That still further instalments on these Debentures were called up and received by the nominees and agents of the Canadian Government, whilst the alterations in their foundations were being concocted, and after they were effected, such knowledge being withheld from the Debenture-holders. The collection of any instalment whatever on these Debentures after any of the conditions on which they had been subscribed for had been altered, varied, or withdrawn, constitutes a ground of indemnity which your petitioners cannot believe your Honourable House will ignore.

In this case gentlemen from Canada, Members of the Government, came over here exhibiting an Act of your Honourable House establishing certain conditions for an issue of Debentures; and the instant they got the money they returned to Canada, and petitioned your Honourable House, and in a few months obtained an equally solemn Act, to abrogate, appropriate, or disregard the conditions, without consulting those interested.

Your Honourable House, in permitting the issue of the Debentures, and permitting the reduction of the Share capital, performed an act we cannot suppose you would ratify, without becoming responsible to the Debenture-holders for any injury to their interest arising therefrom.

The Acts of 1855, 1856, 1857, and 1858 all disturb, or remove, the foundations of the security of the Debentures, and were passed without the knowledge of those whose interests were most affected; and your petitioners discover that your Honourable House, when asked to permit this, exacted terms which rendered the position of the Debentures still more disastrous, involving, as it did, subscription to the construction of other Railways, and powers to lease and purchase other Lines contrary to the terms of the original prospectus, but of vast importance, politically and materially, to Canada.

Your Petitioners, also, cannot ignore the fact that the agents in these alterations and appropriations were your own nominees (Mem-

bers of the Canadian Government), and your financial agents in this country.

Your Petitioners, whose securities rest on the supposed inviolability of Acts of your Honourable House, feeling that they have been, and may in the future be, exposed to ruin by *ex post facto* legislation on the part of those interested in shaking off their liabilities, therefore respectfully pray that your Honourable House, as the constituted guardians of the vast sums of English capital spent in Canada on public works, will not give your sanction to the passage of any Act whatever which alters or removes one particle of the foundation of the security once pledged in this country, without the clearest evidence of the legal concurrence of those interested, otherwise a deep and ruinous blow will be given to Canadian credit in this country; and still more so if we find any instance in which the permission to remove or alter has been given by your Honourable House, contingent on the execution of works, ruinous to those Debenture-holders.

Your Petitioners cannot believe that your Honourable House, or the People of Canada, can reject the claim they now make for indemnity, and protection, against the injurious effects produced on their Debentures by your Honourable House having appropriated, or permitted to be appropriated for the benefit of the Province as mentioned above, guarantees and conditions on which alone the money was obtained from them; and if Provincial policy render it necessary, in the future, still further to appropriate any more of the said guarantees and conditions, we respectfully demand ample indemnity at your hands for the effect it may have on our position.

Your Petitioners, in conclusion, humbly pray that, in the spirit of a wise, generous, and upright Legislation, such remedial and restorative steps may be taken in relation to the past, and such safeguards established for the future, as will secure and retain in a proud pre-eminence the unimpeachable security which should attach to Acts of your Honourable House.

And your Petitioners will ever pray, &c., &c., &c.

ADVERTISEMENT.

THIS PAMPHLET

To be had at the Office of MESSRS BALLANTINE & REID, 4, AUSTIN FRIARS, CITY, LONDON; or, MESSRS TAUNTON & MOLYNEUX, 8, SWEETING STREET, LIVERPOOL; or, FOSKETT SAVERY, Esq., ST. NICHOLAS' CHAMBERS, ST. NICHOLAS' STREET, BRISTOL.

All communications or inquiries to be directed to Messrs TAUNTON & MOLYNEUX, 8, Sweeting Street, Liverpool.

The two Petitions to the Legislative Assembly of Canada will be found at the above addresses, and all parties interested are requested to call and sign them.

All Holders of the Original 6% Debentures of the Grand Trunk Railway who have not received a Copy of this Pamphlet are requested to send in their names to Messrs TAUNTON & MOLYNEUX. And all who have received them would greatly oblige by sending the names of any holder who they may find has not received a copy.

All parties who cannot conveniently go to any of the above places to sign the Petitions can sign the following form of Commission and send it to Messrs TAUNTON & MOLYNEUX, 8 Sweeting Street, Liverpool.

*"I hereby authorise and request Messrs TAUNTON & MOLYNEUX
"to attach my name to the Petition about to be sent out to the Can-
"adian Legislature from the holders of Canadian Securities," or
"the holders of Grand Trunk 6% Debentures," as the case may be.*

Name,

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